

AR37

# Prairie Oil Royalties

COMPANY, LTD.



ANNUAL REPORT  
**1978**

## Directors

*Donald D. Barkwell Senior Vice-President, Natural Resources Norcen Energy Resources Limited	Calgary, Alberta
*Edward A. Galvin President Poco Oil Ltd.	Calgary, Alberta
Wilfrid A. Loucks Vice-President, Minerals Norcen Energy Resources Limited	Calgary, Alberta
*Frederick A. McKinnon Director of various companies	Calgary, Alberta
Clifford A. Rae Barrister & Solicitor Macleod Dixon, Barristers & Solicitors	Calgary, Alberta
David M. Tyerman, Q.C. Barrister & Solicitor MacPherson, Leslie & Tyerman Barristers & Solicitors	Regina, Saskatchewan
*Member of the Audit Committee	

## Officers

Donald D. Barkwell Senior Vice-President, Natural Resources Norcen Energy Resources Limited	President
Richard S. Buckland General Manager, Canadian Exploration Norcen Energy Resources Limited	Vice-President, Exploration
William C. Hennenfent Vice-President, Production Norcen Energy Resources Limited	Vice-President, Production
David M. Tyerman, Q.C. Barrister & Solicitor MacPherson, Leslie & Tyerman Barristers & Solicitors	Secretary
A. Kenneth Davies Assistant Treasurer Norcen Energy Resources Limited	Treasurer
William T. Kilbourne Vice-President, Administration and Secretary Norcen Energy Resources Limited	Assistant Secretary
Russell G. Rennie Assistant Secretary Norcen Energy Resources Limited	Assistant Secretary

## DESCRIPTION OF BUSINESS

Prairie Oil Royalties Company, Ltd. was incorporated July 13, 1951 under the laws of the Province of Saskatchewan, Canada. The Company produces and sells crude oil, gas liquids and natural gas in Western Canada and is engaged in oil and gas exploration and development in Western Canada and the Canadian Arctic.

## ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting of Shareholders of the Company will be held on Monday, April 30, 1979 at 10:30 o'clock in the forenoon, local time, in the Board Room of Norcen Energy Resources Limited, 32nd Floor, 715 - 5th Avenue S.W., Calgary, Alberta, Canada T2P 2X7. Shareholders are encouraged to attend the meeting but those unable to do so are asked to sign and return the form of proxy mailed with this report.

## Executive Office

715 - 5th Avenue S.W., Calgary, Alberta T2P 2X7

## Registered Office

2161 Scarth Street, Regina, Saskatchewan S4P 2V4

## Auditors

Thorne Riddell & Co., Calgary, Alberta

## Registrars & Transfer Agents

Canada Permanent Trust Company,  
Regina, Saskatchewan, and Toronto, Ontario

Morgan Guaranty Trust Company of New York,  
New York, N.Y.

## Stock Exchange Listings

Toronto Stock Exchange, Toronto, Ontario  
American Stock Exchange, New York, N.Y.

# Directors' Report to the Shareholders

## FINANCIAL

Revenue, cash flow and net income reached record high levels again in 1978. Revenue totalled \$4,325,000, an increase of \$884,000 or 26 percent over 1977 revenue. This increase resulted from a nominal increase in oil production, a substantial increase in natural gas production and further increases in the prices received for oil and natural gas. Cash flow was \$4,112,000 or \$2.10 a share, compared to \$2,700,000 or \$1.38 a share in 1977. Net income was \$2,159,000 or \$1.10 a share, compared to net income in the same period last year of \$1,752,000 or 89c a share.

In note 3 to the financial statements reference is made to The Oil Well Income Tax Act, 1978, which was proclaimed by the Province of Saskatchewan on September 1, 1978 and made retroactive to January 1, 1974. The note also refers to a proposal made by the government with respect to the settlement of liabilities for the retroactive period ending August 31, 1978. After that date the full provisions of the Act will apply.

The legislation is particularly severe in its application to royalty income and since almost all of the Company's Saskatchewan revenue is from royalties, the Act's provisions, in their present form, will result in the virtual elimination of the Company's cash flow from its operations in that province in 1979 and subsequent years. Had the legislation not been introduced, 1979 estimated gross royalty income from Saskatchewan would be approximately \$966,000 after tax. With the passing of the legislation, the 1979 gross royalty income will be approximately \$114,000, a net reduction of \$852,000. Gross royalty income for 1978 is \$254,000 less than it would have been without this legislation.

The government of Saskatchewan has been advised of the impact of this legislation on the Company's royalty income from the province and is considering what action, if any, might be taken to alleviate this impact. The Company will continue in its efforts to obtain some relief from the provisions of this legislation.

## PRODUCTION

Average daily production for 1978 before deducting royalties was 591 barrels of oil and gas liquids and 6,940 Mcf of gas, compared to 562 barrels and 5,792 Mcf in 1977. The increase in oil production resulted from slightly higher production from the Company's royalty interest lands in the Province of Saskatchewan, the completion of a second well at Cherhill, Alberta and commencement of year-round production from a well on acreage in which the Company has a 50 percent interest at Beatton in Northeastern British Columbia.

Improved plant facilities at Big Bend, further development drilling at Verger and the installation of field compression facilities in the Ghost Pine Unit, all in Alberta, combined to produce a 20 percent increase in the Company's production of natural gas during 1978.

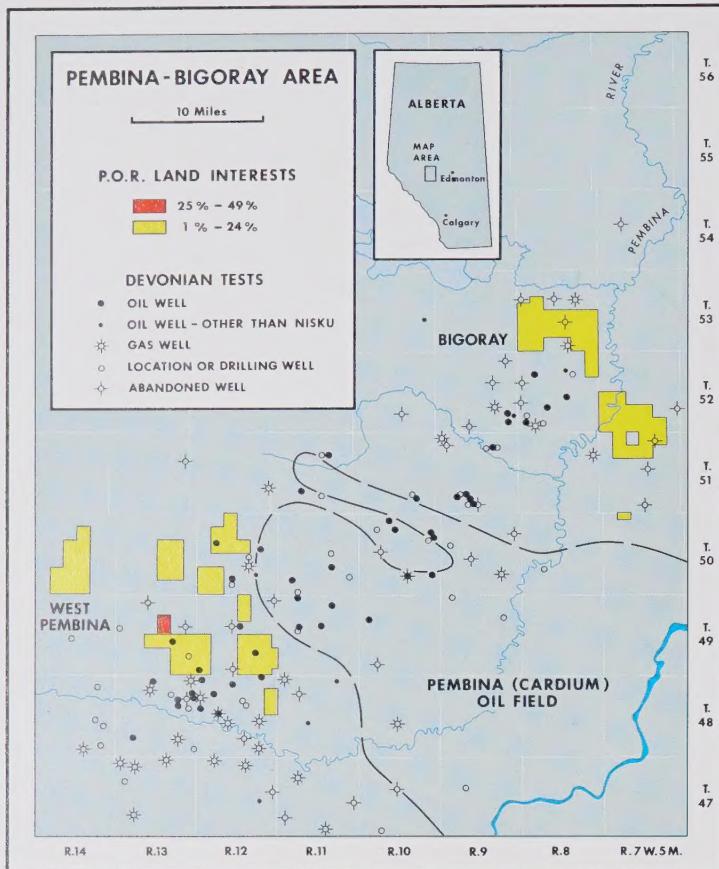
The price of Western Canadian crude oil increased \$1.00 a barrel on January 1, 1978 and again on July 1, 1978. The average price received by the Company for crude oil production in 1978 was \$11.39 a barrel, compared to \$8.96 in 1977. The average price for natural gas increased from \$1.28 an Mcf in 1977 to \$1.52 an Mcf in 1978.

## EXPLORATION AND DEVELOPMENT

### Drilling

During the year the Company participated in the drilling of 37 (7.46 net) wells which resulted in 4 oil (.48 net) wells and 12 gas (2.07 net) wells. This activity is summarized in the following chart.

Wells Drilled	1978		1977	
	Gross	Net	Gross	Net
Exploratory				
Oil	4	.48	2	.42
Gas	6	1.53	5	1.17
Dry	21	4.91	13	3.21
	31	6.92	20	4.80
	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
Development				
Oil	—	—	1	.50
Gas	6	.54	29	7.58
Dry	—	—	1	.56
	6	.54	31	8.64
	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>



### West Pembina

The accompanying map shows the results of exploratory drilling on lands in which the Company has interests in the West Pembina area of Central Alberta. A total of 4 Nisku oil wells have been completed on these lands the most recent being Chevron NorcenPL WestPem 11-11-49-12 W5 which, on an extended production test, flowed at rates as high as 3,940 barrels a day of light crude oil and 2,390 Mcf a day of sweet gas. This well has 322 feet of net oil pay. Two earlier completions, Chevron NorcenPL Brazeau 5-6-49-12 W5 and Chevron NorcenPL WestPem 5-14-49-13 W5, flowed on production tests at daily rates up to 4,200 and 2,315 barrels of light crude oil respectively. The latter well also produced gas at a rate of 12,400 Mcf a day. Pay thickness from these two wells has not been announced. A fourth well completed on these lands contained a thin Nisku oil pay zone of 36 feet.

Detailed seismic has been recently completed in the area and a fifth well, Chevron

NorcenPL West Pem 7-12-49-13 W5, is currently drilling. The Company has a 5% interest in each of the wells mentioned.

### Taber

At Taber, in southern Alberta, the Company has a 27.5% interest in an exploratory test that flowed oil at rates of up to 250 barrels a day on production tests. This discovery has been offset by two dry holes but will be further evaluated by offset drilling in 1979.

### Verger

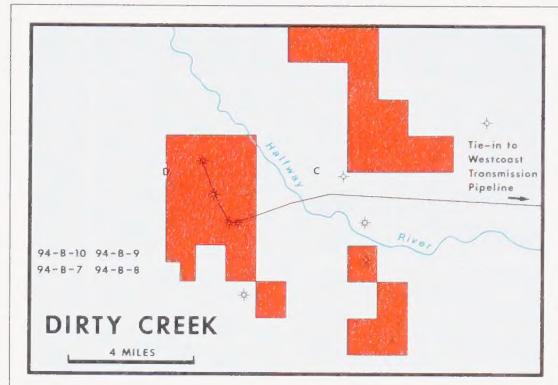
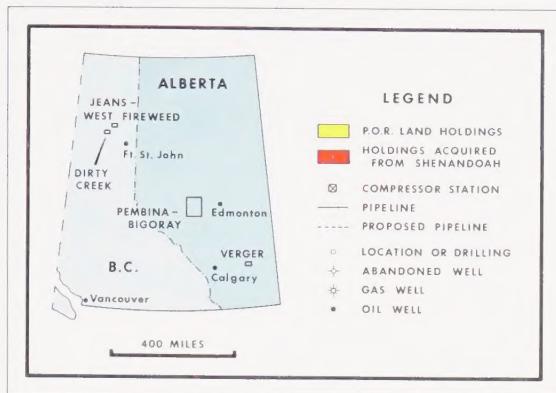
The drilling of 6 wells in the Verger area during 1978 marked the completion of a major expansion of the shallow gas project in the Verger field. The Company's share of production from the field averaged 1,600 Mcf a day during 1978, an increase of 625 Mcf a day over 1977 average daily production. Further drilling will be carried out in this area in 1979 in order to maintain production at levels necessary to meet contract commitments.

### Big Bend

Improved plant and compression facilities installed in the Big Bend area in 1977 raised the Company's share of production in 1978 by an average of 675 Mcf a day. Another 2 wells will be connected to the gathering system in this area in 1979 to offset normal production declines.

### Arctic Islands

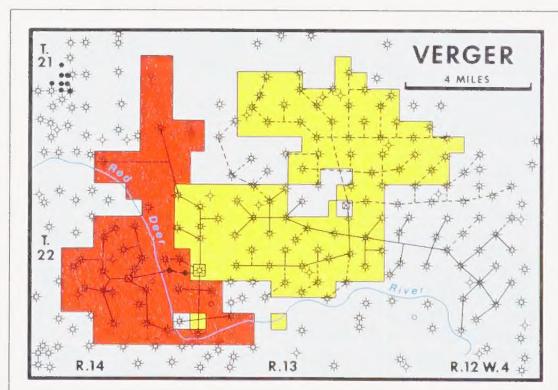
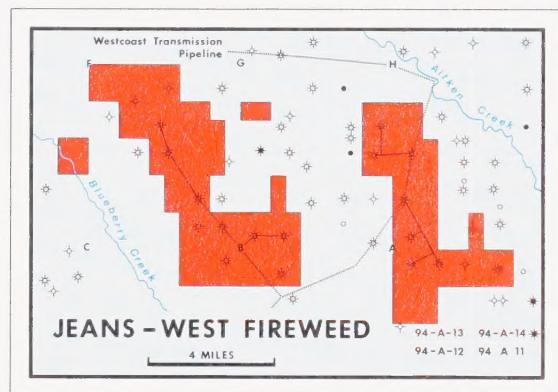
In the Arctic Islands the well Phillips Aquitaine et al Hazen F54 is currently drilling. The projected depth for this test well is 9,500 feet and the Company owns an interest of 6.1765% in the well and in the 931,364 acre spread on which it is located.



### PROPERTY ACQUISITIONS

In November of 1978 the Company, with Norcen Energy Resources Limited and another partner, purchased all of the Canadian oil and gas properties of Shenandoah Oil Corporation of Fort Worth, Texas. The Company's interest in this transaction is 25% and its share of the total purchase price was \$11,825,000.

The properties shown on the accompanying maps are among those acquired in the transaction and are of particular interest at this time. The new properties acquired in the Verger area will complement the Company's existing holdings in the area and will increase the Company's share of natural gas from that field. Construction of a natural gas pipeline from the properties acquired at Dirty Creek in British Columbia to the main line of Westcoast Transmission Ltd. has been completed and deliveries are expected to commence during 1979. The properties shown on the map of the Jeans-Fireweed area of British Columbia are producing natural gas at the present time. The purchase also includes interests in producing properties at Yoyo in British Columbia and Netook in Alberta and in exploratory lands in Alberta, British Columbia, the Yukon, the Northwest Territories and Ontario.



### SUMMARY OF OIL AND GAS PROPERTIES ACQUIRED FROM SHENANDOAH OIL CORPORATION

	Leases and Permits	
	Gross Acres	Net Acres
Alberta .....	410,388	13,360
British Columbia .....	129,566	8,020
Northwest Territories .....	171,108	8,644
Yukon Territories .....	37,697	785
Ontario .....	4,348	816
Saskatchewan .....	8,080	780
	<u>761,187</u>	<u>32,405</u>

## RESERVES

Estimated reserves at December 31, 1978, before royalties, were 2.4 million barrels of crude oil and natural gas liquids and 77.8 billion cubic feet of natural gas. These estimates have been calculated by engineers of the parent company, Norcen Energy Resources Limited, and do not include the Company's share of reserves of natural gas in the Arctic Islands.

## OIL AND GAS LANDHOLDINGS

At December 31, 1978, the Company owned interests in 4,024,801 gross (353,799 net) acres compared to 3,339,042 gross (345,244 net) acres at the end of the prior year. These landholdings are shown in detail in the following summary.

	Leases				Reservations, Permits & Licences		Total	
	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres
British Columbia .....	121,714	7,599	8,371	628	130,085	8,227		
Alberta .....	1,010,758	162,335	185,440	24,815	1,196,198	187,150		
Saskatchewan .....	92,968	35,700	—	—	92,968	35,700		
Manitoba .....	72,642	20,929	—	—	72,642	20,929		
Ontario .....	4,348	816	—	—	4,348	816		
Arctic Islands .....	72,407	2,280	2,063,692	83,484	2,136,099	85,764		
Banks Island .....	—	—	183,656	5,785	183,656	5,785		
Yukon Territory .....	37,697	785	—	—	37,697	785		
Northwest Territories .....	171,108	8,643	—	—	171,108	8,643		
	<u>1,583,642</u>	<u>239,087</u>	<u>2,441,159</u>	<u>114,712</u>	<u>4,024,801</u>	<u>353,799</u>		

In addition to the above, royalty interests are held in 209,199 acres.

Calgary, Alberta  
April 3, 1979

On Behalf of the Board



D. D. Barkwell  
President

## BALANCE SHEET

as at December 31, 1978 and 1977

### Assets

	<u>1978</u>	<u>1977</u>
CURRENT ASSETS		
Cash and deposits .....	\$ 4,785,258	\$ 8,524,680
Accounts receivable .....	961,463	681,484
Income taxes recoverable .....	710,996	97,033
Drilling and other deposits .....	69,711	52,449
	<u>6,527,428</u>	<u>9,355,646</u>
PROPERTIES, PLANT AND EQUIPMENT (note 2) .....	<u>16,415,989</u>	<u>10,079,288</u>
	<u><u>\$22,943,417</u></u>	<u><u>\$19,434,934</u></u>

### Liabilities

	<u>1978</u>	<u>1977</u>
CURRENT LIABILITIES		
Accounts payable .....	\$ 744,421	\$ 753,933
Due to parent company .....	113,946	179,204
Deferred revenue .....	197,885	—
	<u>1,056,252</u>	<u>933,137</u>
DEFERRED INCOME TAXES .....	<u>4,394,337</u>	<u>3,167,800</u>

### Shareholders' Equity

	<u>1978</u>	<u>1977</u>
CAPITAL STOCK		
Issued		
1,961,520 shares .....	1,961,520	1,961,520
CONTRIBUTED SURPLUS .....	574,330	574,330
RETAINED EARNINGS .....	<u>14,956,978</u>	<u>12,798,147</u>
	<u>17,492,828</u>	<u>15,333,997</u>
	<u><u>\$22,943,417</u></u>	<u><u>\$19,434,934</u></u>

Approved by the Board:

D. D. Barkwell, Director

W. A. Loucks, Director

## STATEMENT OF INCOME

years ended December 31, 1978 and 1977

	<u>1978</u>	<u>1977</u>
REVENUE		
Oil and gas sales .....	\$ 2,719,342	\$ 1,748,294
Royalties .....	930,247	982,806
Interest .....	674,985	710,169
	<u>4,324,574</u>	<u>3,441,269</u>
EXPENSES		
Production .....	420,663	321,517
Depletion .....	556,087	364,387
Depreciation .....	170,566	74,551
General and administrative .....	216,091	188,107
	<u>1,363,407</u>	<u>948,562</u>
Income before income taxes .....	2,961,167	2,492,707
Income taxes (recovery)		
Current .....	(424,201)	231,867
Deferred .....	1,226,537	509,000
	<u>802,336</u>	<u>740,867</u>
NET INCOME .....	<u>\$ 2,158,831</u>	<u>\$ 1,751,840</u>
EARNINGS PER SHARE .....	<u>\$1.10</u>	<u>\$0.89</u>

## STATEMENT OF RETAINED EARNINGS

years ended December 31, 1978 and 1977

	<u>1978</u>	<u>1977</u>
BALANCE AT BEGINNING OF YEAR .....	\$12,798,147	\$11,046,307
Net income .....	2,158,831	1,751,840
BALANCE AT END OF YEAR .....	<u>\$14,956,978</u>	<u>\$12,798,147</u>

## STATEMENT OF CHANGES IN FINANCIAL POSITION

years ended December 31, 1978 and 1977

	<u>1978</u>	<u>1977</u>
<b>SOURCE OF FUNDS</b>		
Operations .....	\$ 4,112,021	\$ 2,699,778
<b>APPLICATION OF FUNDS</b>		
Properties, plant and equipment .....	7,063,354	3,159,384
<b>DECREASE IN FUNDS .....</b>	<u>(2,951,333)</u>	<u>(459,606)</u>
<b>FUNDS AT BEGINNING OF YEAR .....</b>	<u>8,422,509</u>	<u>8,882,115</u>
	<u>\$ 5,471,176</u>	<u>\$ 8,422,509</u>
<b>SUMMARY OF FUNDS</b>		
Current assets .....	\$ 6,527,428	\$ 9,355,646
Current liabilities .....	1,056,252	933,137
<b>FUNDS AT END OF YEAR .....</b>	<u>\$ 5,471,176</u>	<u>\$ 8,422,509</u>

## Auditors' Report

TO THE SHAREHOLDERS OF  
PRAIRIE OIL ROYALTIES COMPANY, LTD.

We have examined the balance sheet of Prairie Oil Royalties Company, Ltd. as at December 31, 1978 and 1977 and the statements of income, retained earnings and changes in financial position for the years then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1978 and 1977 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Canada  
February 2, 1979  
(March 8, 1979 with respect to notes 3 and 5)

THORNE RIDDELL & CO.  
Chartered Accountants

## Notes to 1978 and 1977 Financial Statements

### NOTE 1 ACCOUNTING POLICIES

#### (a) Depletion

The Company follows the "full-cost method" of accounting whereby all costs related to the exploration for and the development of oil and gas reserves are capitalized, and depleted on the composite unit-of-production method, based on total estimated recoverable reserves.

#### (b) Depreciation

Depreciation of plant and equipment is provided at rates which will amortize original costs over the estimated useful lives of the respective assets.

#### (c) Income Taxes

The Company follows the tax allocation method of accounting under which the income tax provision is based on the income reported in its accounts. Under this method the Company provides for deferred income taxes to the extent that income taxes otherwise payable are eliminated by claiming exploration and development costs and capital cost allowances in excess of the related depletion and depreciation provisions reflected in its accounts.

### NOTE 2 PROPERTIES, PLANT AND EQUIPMENT

	Cost	Accumulated Depletion and Depreciation	Net
<b>December 31, 1978</b>			
Oil and gas properties .....	\$17,375,040	\$3,533,843	\$13,841,197
Oil and gas production equipment .....	3,367,489	792,697	2,574,792
	<hr/> <u>\$20,742,529</u>	<hr/> <u>\$4,326,540</u>	<hr/> <u>\$16,415,989</u>
<b>December 31, 1977</b>			
Oil and gas properties .....	\$11,327,849	\$2,977,756	\$ 8,350,093
Oil and gas production equipment .....	2,351,325	622,130	1,729,195
	<hr/> <u>\$13,679,174</u>	<hr/> <u>\$3,599,886</u>	<hr/> <u>\$10,079,288</u>

### NOTE 3 SASKATCHEWAN ROYALTIES AND TAXES

In 1973 the Province of Saskatchewan introduced legislation, effective January 1, 1974, providing for the payment of mineral income taxes and royalty surcharge on all oil produced from wells in the Province. The Company has made full provision in the accounts for liabilities for the period January 1, 1974 to August 31, 1978 under this legislation.

The Company's parent, Norcen Energy Resources Limited ("Norcen") successfully challenged the constitutionality of the legislation in the courts. The Supreme Court of Canada on November 23, 1977 ordered that Norcen was entitled to recover monies from the Province of Saskatchewan paid by way of mineral income tax and royalty surcharge with interest thereon and court costs.

Subsequent to the Supreme Court decision the Province enacted The Oil Well Income Tax Act, 1978 (the "Act") which was proclaimed on September 1, 1978. The tax imposed by this Act, which is retroactive to January 1, 1974, could exceed by \$2,600,000 the liabilities provided for under the earlier legislation for the retroactive period commencing January 1, 1974 and ending August 31, 1978.

The Province has proposed an assignment and quitclaim agreement whereby the Province would accept in satisfaction of liabilities owing by the Company under the Act for the retroactive period all payments previously made by the Company under the earlier legislation. The Company has filed such an assignment and quitclaim but has not as yet been notified of its acceptance or otherwise.

### NOTE 4 DIRECTORS' FEES

1978 general and administrative expenses include directors' fees of \$7,300.

### NOTE 5 SUBSEQUENT EVENT

Effective March 2, 1979 the Company concluded an earlier arrangement to acquire, for a total consideration of \$11,825,000, an interest in certain oil and gas properties. Of this total amount, \$3,208,000 had been expended to December 31, 1978.

# PRAIRIE OIL ROYALTIES

COMPANY, LTD.

## COMPARATIVE SUMMARY

FOR THE YEARS ENDED December 31

	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>
<b>Revenue (\$000)</b>					
Oil sales	\$ 529	\$ 378	\$ 312	\$ 253	\$ 194
Gas sales	2,191	1,370	1,050	852	415
Royalties	930	983	688	477	665
Interest & Other	675	710	446	152	152
	<u>4,325</u>	<u>3,441</u>	<u>2,496</u>	<u>1,734</u>	<u>1,426</u>
<b>Expenses (\$000)</b>					
Production	\$ 421	\$ 321	\$ 201	\$ 163	\$ 160
General and administrative	216	188	135	108	97
Depletion	556	364	294	316	354
Depreciation	171	75	39	23	50
	<u>1,364</u>	<u>948</u>	<u>669</u>	<u>610</u>	<u>661</u>
<b>Income before Income Taxes (\$000)</b>	\$ 2,961	\$ 2,493	\$ 1,827	\$ 1,124	\$ 765
<b>Income Taxes (\$000)</b>					
Current	(424)	232	147	(6)	(44)
Deferred	1,226	509	434	325	295
	<u>802</u>	<u>741</u>	<u>581</u>	<u>319</u>	<u>251</u>
<b>Income before extraordinary item</b>	2,159	1,752	1,246	805	514
Extraordinary item	—	—	4,294	—	—
<b>Net Income (\$000)</b>	<u>\$ 2,159</u>	<u>\$ 1,752</u>	<u>\$ 5,540</u>	<u>\$ 805</u>	<u>\$ 514</u>
<b>Earnings Per Share</b>					
Before extraordinary item	\$ 1.10	89¢	63¢	41¢	26¢
After extraordinary item	\$ 1.10	89¢	\$ 2.82	41¢	26¢
<b>Cash Flow before extraordinary item</b>					
(\$000)	\$ 4,112	\$ 2,700	\$ 2,013	\$ 1,469	\$ 1,213
Per Share	\$ 2.10	\$ 1.38	\$ 1.03	75¢	62¢
<b>Expenditures (\$000)</b>					
Exploration and property acquisitions	\$ 6,047	\$ 2,099	\$ 1,282	\$ 897	\$ 1,095
Plant and equipment (net after sales)	\$ 1,016	\$ 1,061	\$ 477	\$ 136	\$ 48
Shares issued and outstanding	1,961,520	1,961,520	1,961,520	1,961,520	1,961,520
<b>Market Price Ranges of Shares (U.S. \$)</b>	High	Low	High	Low	High
American Stock Exchange 1st Quarter	19 <sup>1</sup> / <sub>8</sub>	13 <sup>3</sup> / <sub>8</sub>	11 <sup>1</sup> / <sub>2</sub>	8 <sup>7</sup> / <sub>8</sub>	6
2nd Quarter	16 <sup>1</sup> / <sub>8</sub>	12 <sup>1</sup> / <sub>2</sub>	10 <sup>3</sup> / <sub>8</sub>	8 <sup>1</sup> / <sub>4</sub>	8 <sup>1</sup> / <sub>4</sub>
3rd Quarter	17 <sup>3</sup> / <sub>8</sub>	12 <sup>3</sup> / <sub>4</sub>	14 <sup>7</sup> / <sub>8</sub>	8	7 <sup>3</sup> / <sub>4</sub>
4th Quarter	17	10 <sup>7</sup> / <sub>8</sub>	20 <sup>3</sup> / <sub>8</sub>	13 <sup>1</sup> / <sub>2</sub>	11 <sup>1</sup> / <sub>8</sub>
	High	Low	High	Low	High
	6	3 <sup>1</sup> / <sub>2</sub>	4 <sup>3</sup> / <sub>4</sub>	2 <sup>3</sup> / <sub>8</sub>	11 <sup>3</sup> / <sub>4</sub>
	8 <sup>1</sup> / <sub>4</sub>	4 <sup>3</sup> / <sub>4</sub>	5 <sup>1</sup> / <sub>2</sub>	3 <sup>1</sup> / <sub>8</sub>	7 <sup>1</sup> / <sub>8</sub>
	8	6 <sup>1</sup> / <sub>8</sub>	4 <sup>7</sup> / <sub>8</sub>	3 <sup>1</sup> / <sub>4</sub>	5 <sup>3</sup> / <sub>8</sub>
	7 <sup>3</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>8</sub>	3	3
	4	6 <sup>3</sup> / <sub>8</sub>	4	3	5 <sup>1</sup> / <sub>8</sub>
	3	5 <sup>1</sup> / <sub>8</sub>	5 <sup>1</sup> / <sub>8</sub>	2 <sup>1</sup> / <sub>4</sub>	2 <sup>1</sup> / <sub>4</sub>

PRAIRIE OIL ROYALTIES COMPANY, LTD.  
ANNUAL REPORT 1978  
Lithographed in Canada